

OPEN MEETING ITEM

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**COMMISSIONERS**  
MIKE GLEASON - Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE



BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

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ARIZONA CORPORATION COMMISSION

MEMORANDUM

**TO:** Mike Gleason, Chairman  
William A. Mundell  
Jeff Hatch-Miller  
Kristin K. Mayes  
Gary Pierce

Arizona Corporation Commission  
**DOCKETED**  
APR 11 2008

**FROM:** Matthew J. Neubert  
Director of Securities

**DATE:** April 11, 2008

**RE:** Michael Andrew Dawes (CRD #62832) and Linda Dawes S-20570A-07-0709

**CC:** Brian C. McNeil, Executive Director

AZ CORP COMMISSION  
DOCKET CONTROL

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Attached is a proposed Order of Dismissal Without Prejudice of Respondent Linda Dawes.

On December 28, 2007, the Division filed a Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, Order for Restitution, For Administrative Penalties and for Other Affirmative Action ("Notice") alleging that the Respondents violated the registration and antifraud provisions of the Arizona Securities Act.

Linda Dawes was joined in the action as the spouse of Michael Dawes ("Dawes") solely for purposes of determining the liability of the marital community. Linda Dawes has filed an appearance in this proceeding through counsel. Dawes' Answer filed February 7, 2008 revealed that Linda Dawes and Dawes stipulated to a Consent Decree of Legal Separation in April 2002. On January 1, 2004, a Decree of Legal Separation was filed. A Consent Decree of Dissolution of Marriage was entered on February 2, 2007.

Michael Dawes was a registered representative and branch office manager for Emmett A. Larkin Company, Inc.'s Sierra Vista and Green Valley offices in Arizona. On February 5, 2007 Dawes resigned from Emmett Larkin following an audit which revealed that Dawes had accepted loans/investments from his Emmett Larkin clients for a non-existent investment opportunity. Specifically, Dawes solicited and raised a total of \$4 million between 1998 and 2007 from approximately 80 individuals, many of which were Emmett Larkin clients. Dawes used the

borrowed funds to pay for losses incurred in the options and stock markets, repay loans to lenders/investors and pay his personal expenses. Dawes has still owes lenders/investors approximately \$1.5 million.

On November 6, 2007, Dawes entered into a plea agreement with the United States Attorney's Office and pled guilty to felony Mail Fraud and felony Money Laundering charges. He will be sentenced on May 2, 2008 and faces a prison term and/or fine for each charge. As part of his plea agreement, Dawes has agreed to pay restitution in the amount of the loss to his lenders/investors. The amount of restitution Dawes will be ordered to pay at his sentencing hearing will be determined at his sentencing hearing.

According to Michael Dawes' Answer, Linda Dawes did not have any "knowledge or information" of his "illegal conduct..."<sup>1</sup> Dawes claims this was the case prior to and during their separation in April 2002. This is consistent with the Division's information that Dawes and Linda Dawes were legally separated for a significant amount of the time Dawes raised money from lenders/investors.

Based on the foregoing, the Division recommends dismissal without prejudice of the administrative proceeding against Linda Dawes and she pay her own attorney's fees and costs.

originator: Rachel F. Strachan

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<sup>1</sup> See Michael A. Dawes Answer to Complaint filed February 7, 2008 page 1, lines 25-26.

1                                   **BEFORE THE ARIZONA CORPORATION COMMISSION**

2                                   **COMMISSIONERS**

3                   MIKE GLEASON, Chairman  
4                   WILLIAM A. MUNDELL  
5                   JEFF HATCH-MILLER  
                    KRISTIN K. MAYES  
                    GARY PIERCE

6                   In the matter of:

7                   MICHAEL ANDREW DAWES  
8                   (CRD#62832) and LINDA DAWES, husband  
                    and wife,

9                                   Respondents.

)   Docket No. S-20570A-07-0709

)   DECISION NO. \_\_\_\_\_

)   **ORDER OF DISMISSAL OF LINDA**  
)   **DAWES WITHOUT PREJUDICE**  
)  
)

11                   A Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, Order  
12                   for Restitution, For Administrative Penalties and For Other Affirmative Action was entered on  
13                   December 28, 2007. On January 18, 2008 Respondent Linda Dawes filed an Answer and request  
14                   for a hearing. On February 7, 2008 Respondent Michael Dawes filed an Answer but did not request  
15                   a hearing.

16                   The Arizona Corporation Commission having reviewed this matter and being advised in  
17                   the premises,

18                   IT IS HEREBY ORDERED that these proceedings as to Linda Dawes only are hereby  
19                   dismissed without prejudice and that each party shall be responsible for their respective costs and  
20                   attorney's fees.

21                   IT IS FURTHER ORDERED that this Order shall become effective immediately.

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1 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

2  
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4 CHAIRMAN

COMMISSIONER

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7 COMMISSIONER

COMMISSIONER

COMMISSIONER

8  
9 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
10 Executive Director of the Arizona Corporation  
11 Commission, have hereunto set my hand and caused the  
12 official seal of the Commission to be affixed at the  
13 Capitol, in the City of Phoenix, this \_\_\_\_\_ day of  
14 \_\_\_\_\_, 2008.

15 \_\_\_\_\_  
16 BRIAN C. McNEIL  
17 Executive Director

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DISSENT

DISSENT

This document is available in alternative formats by contacting Linda Hogan, ADA Coordinator,  
voice phone number 602-542-3931, E-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov).

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